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Central Intelligence Agency



Washington, D.C. 20505

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15 JUN 1989

OCA 89-1916

Mr. Calvin Humphrey
 Permanent Select Committee
 on Intelligence
 House of Representatives
 Washington, D.C. 20510

Dear Calvin:

As you know, Agency officials met with their counterparts at the National Security Agency (NSA) on 28 April to discuss ways of providing tax relief for participants in the Undergraduate Scholar Program. After exploring various options, the representatives of both agencies agreed that increasing the salary of the students was the most equitable way of offsetting the tax burden. The preferred approach of both agencies, as expressed at the meeting, was to have the Undergraduate Scholar Program exempted from this tax. This would be difficult to achieve at this time, but we ask the Committee's assistance in seeking such relief at some appropriate time in the future.

Following this meeting, the Agency's Office of Personnel recommended to Agency senior management that salary increases be adopted for Program participants in order to offset their additional tax liability. Approval for this change was given on 2 June 1989. The pay change will provide yearly grade increases for participants, so that students will start the Program at the GS-02 level and will end the Program at the GS-05 level (previous increases were provided through in-step changes). Through this restructuring, the tax burden will be eliminated for everyone whose tuition cost is \$8,500 or less. This dollar level represents the average tuition cost for students currently participating in the Program.

The cost to the Agency for this change will be \$10,000 for the remainder of fiscal year (FY) 1989. This cost will be about \$100,000 in FY 1990 and then will gradually increase to \$161,840 in FY 1992 or FY 1993, when the Program reaches its

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full participation level of [] students. The additional cost will be absorbed by each of the Directorates sponsoring students in the Program.

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[] from NSA Agency's Legislative Liaison Office, recently indicated that his management also supports this approach. He expects approval soon and indicated that he would contact you in the near future.

Please let me know if I can answer any questions about the proposed change.

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[]
Office of Congressional Affairs

SUBJECT: Letter to Mr. Calvin Humphrey, HPSCI/OCA 89-1916

STAT OCA/Senate [redacted] :ds (15 Jun 89)

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